

Shareholding Control, Corporate Governance, and Equity Financing in Brazil

Isac Freitas Brandão¹ , Vicente Lima Crisóstomo¹ 

¹Universidade Federal do Ceará, Faculdade de Economia, Administração, Atuária, Contabilidade, Fortaleza, CE, Brazil

How to cite: Brandão, I. F., & Crisóstomo, V. L. (2025). Shareholding control, corporate governance, and equity financing in Brazil. *BAR-Brazilian Administration Review*, 22(3), e240015.

DOI: <https://doi.org/10.1590/1807-7692bar2025240015>

Keywords:

share issue financing; corporate governance; ownership structure; type of shareholding control

JEL Code:

D25, D82, G32

Received:

January 31, 2024.

This paper was with the authors for three revisions.

Accepted:

April 23, 2025.

Publication date:

August 11, 2025.

Corresponding author:

Vicente Lima Crisóstomo

Universidade Federal do Ceará, Faculdade de Economia, Administração, Atuária, Contabilidade
Av. da Universidade, n. 2431, Benfica, CEP 60020-180, Fortaleza, CE, Brazil

Funding:

The authors thank to the Conselho Nacional de Desenvolvimento Científico e Tecnológico (CNPq, Brazil).

Conflict of Interests:


The authors stated that there was no conflict of interest.

Editors-in-Chief:

Ricardo Limongi 

(Universidade Federal de Goiás, Brazil)

Reviewers:

Daiana Paula Pimenta 

(Universidade Federal de Goiás, Brazil)

and two anonymous reviewers.

Peer Review Report:

The disclosure of the Peer Review Report was not authorized by its reviewers

Editorial assistants:

Eduarda Anastacio and Simone Rafael (ANPAD, Maringá, Brazil).

ABSTRACT

Objective: theories that indicate financial factors as determinants of financing decisions (trade-off, pecking order) were followed by others that take agency conflicts into account (agency theory, market timing). The contingency approach to corporate governance suggests that the effectiveness of its mechanisms depends on the firm's organizational environment. This study aims to analyze the relationship of both corporate governance and the type of shareholding control (dominant, shared, and dispersed) with financing by share issuance. **Methods:** the sample is panel data with 1,433 annual observations from 168 non-financial firms listed on the Brazilian Stock Exchange (B3), with data from CVM and Economatica. Models were estimated using generalized least squares for panel data (FGLS). **Results:** the results show that the shareholding control configuration has a moderating effect on the relationship between equity financing and corporate governance, in accordance with the corporate governance contingency approach. **Conclusions:** dominant control positively moderates this relationship, indicating that corporate governance is seen, in these firms, as capable of reducing the possibility of expropriation of minority shareholders. The moderating effect of dispersed control is negative, signaling that dispersed control is considered an effective shareholding configuration in itself to avoid expropriation.



Data Availability: Freitas Brandão, Isac; Crisóstomo, Vicente (2025). "Governança, controle e financiamento por emissão de ações no Brasil", Mendeley Data, V1., doi: <http://doi.org/10.17632/nr6h39z5rw1>
BAR – Brazilian Administration Review encourages data sharing but, in compliance with ethical principles, it does not demand the disclosure of any means of identifying research subjects.

Plagiarism Check: BAR maintains the practice of submitting all documents received to the plagiarism check, using specific tools, e.g.: iThenticate.

Peer review: is responsible for acknowledging an article's potential contribution to the frontiers of scholarly knowledge on business or public administration. The authors are the ultimate responsible for the consistency of the theoretical references, the accurate report of empirical data, the personal perspectives, and the use of copyrighted material. This content was evaluated using the double-blind peer review process. The disclosure of the reviewers' information on the first page is made only after concluding the evaluation process, and with the voluntary consent of the respective reviewers.

Copyright: The authors retain the copyright relating to their article and grant the journal BAR – Brazilian Administration Review, the right of first publication, with the work simultaneously licensed under the Creative Commons Attribution 4.0 International license (CC BY 4.0) The authors also retain their moral rights to the article, including the right to be identified as the authors whenever the article is used in any form.

INTRODUCTION

One of the main firm financial decisions concerns the decision on the form of financing (Brealey et al., 2013). Some theories have been developed in order to understand corporate financing decisions, such as the irrelevance of financing sources, trade-off, pecking order, and market timing (Barclay & Smith, 2020; Harris & Raviv, 1991).

Beyond theories that deal specifically with financing decisions, other broader theories can help in understanding corporate funding decisions, among which the agency theory (Jensen & Meckling, 1976) emerges. According to the agency theory, the separation between firm ownership and management leads to conflicts of interest between the manager (agent) and the shareholder (principal), the so-called agency conflicts, which generate agency costs that may harm firm performance and damage its value (Jensen & Meckling, 1976).

Conflicts and agency costs can influence the firm's external financing, considering that the exacerbation of conflicts and agency costs can negatively affect the perception of external financiers in relation to the firm, increasing the cost of external capital (Claessens & Yurtoglu, 2013). The presence of controlling shareholders in the firm's ownership structure can contribute to a reduction in the issuance of shares because they may fear the threat to their status as controlling shareholders (Céspedes et al., 2010; Crisóstomo, Pinheiro et al., 2020; Ganguli, 2013). To reduce agency conflicts and facilitate access to external financing, the firm may choose to strengthen its internal corporate governance system (Claessens & Yurtoglu, 2013; Javid et al., 2023).

In Brazil, most of the firm's external financing is based on debt (Brandão & Crisóstomo, 2024a). Regarding ownership structure, firms are characterized by high ownership concentration, a high proportion of firms with a controlling shareholder (dominant control), non-voting shares, and pyramidal control structures (Aldrighi et al., 2007; Crisóstomo, Brandão et al., 2020). This scenario points out the relevance that the type of shareholding control – dominant, dispersed, or shared – may have (Brandão & Crisóstomo, 2023; Crisóstomo et al., 2022). Although firms predominantly have a single controlling shareholder, there has been an increase in the number of firms with shared control, i.e., firms in which some large shareholders make up a controlling coalition, and also in the number of firms without a controlling shareholder, which are firms with dispersed control (Carvalho, 2012; Crisóstomo & Brandão, 2019; Peixoto & Buccini, 2013).

These three firm control statuses (dominant, shared, or dispersed control) can be considered categories

for the shareholding control configuration and seem to matter for the effectiveness of the Brazilian firm's adoption of corporate governance practices (Brandão & Crisóstomo, 2023; Crisóstomo et al., 2022). Thus, the relevance of the firm's corporate governance system in facilitating access to external funding in the stock market (share issuance) can be moderated by the type of shareholding control. In firms where agency conflicts between controlling and minority shareholders are more severe (dominant control), the effectiveness of the corporate governance system tends to be more pronounced. On the other hand, under shareholding control configurations that disfavor the risk of agency conflicts between controlling and minority shareholders (shared and dispersed control), corporate governance would be less effective (Brandão & Crisóstomo, 2023; Crisóstomo et al., 2022).

Empirical research in Brazil has predominantly investigated the effects of corporate governance and ownership structure on corporate debt financing (Brandão, 2022; Reinaldi et al., 2022). Share issuance, on the other hand, has been less examined in the literature, and the results are inconclusive (Brandão, 2022). Given this gap and the relevance of the stock market for corporate financing and the country's economic development, this research was developed based on the following problem: What is the relationship between corporate governance, the type of shareholding control, and financing by share issuance in the Brazilian firm?

The study aims to analyze the relationship of firm corporate governance and the type of shareholding control with financing by share issuance. Specifically, it investigates the direct relationship between raising funds by share issuance and the quality of the internal corporate governance system and the type of shareholding control (dominant, shared, and dispersed), as well as the moderating effect of the type of shareholding control on the relationship between raising funds by share issuance and the quality of the internal corporate governance system.

The results show that the agency theory helps to explain financing by share issuance in Brazilian firms. Financing by share issuance is used more by firms in which there is no controlling shareholder, i.e., firms with dispersed control. With regard to the corporate governance system, it was observed that firm's decision to issue shares is directly associated with the level of adoption of corporate governance practices. On the other hand, the relevance of the level of adoption of corporate governance practices for the amount of funds raised by share issuance is greater in firms with dominant control and lower in firms with dispersed control.

This paper contributes to the understanding of the relationship between Brazilian firm financing decisions, ownership structure, and the quality of the firm's corporate governance system. In this context, the study provides evidence that the ownership structure, specifically the shareholding control configuration, is relevant to the firm's decision to seek funds in the stock market and to the effect that corporate governance can have on the firm's ability to finance itself by share issuance.

THEORETICAL BACKGROUND AND HYPOTHESES

Theories on capital structure

Share issuance is a relevant firm funding source. However, this form of raising funds to finance firm investment seems to require the existence of a mature capital market. Share issuance is more widely used by firms operating in countries with more advanced capital markets. Most developing countries have capital markets that are still being strengthened, and this reality seems to be associated with less corporate financing by share issuance (Cheung, 2016; Santiago-Castro & Brown, 2007). Different theoretical approaches have been proposed regarding share issuance.

The pecking order theory proposes that the firm has a preference for the least costly funding sources, taking into account both financial and informational costs (Myers, 1984; Myers & Majluf, 1984). From this theoretical perspective, the high financial and informational costs of share issuance mean that the firm will prefer to use cash flow and debt to finance its investment projects.

The informational issue also seems to be important for share issuance as a source of corporate financing. Share issuance is viewed positively if the market considers that this increase in the firm's capital is a financially optimal alternative for it to maximize its good growth opportunities. Conversely, share issuance can be viewed unfavorably if the market interprets that the firm is taking advantage of a favorable market situation in relation to the firm in order to benefit current shareholders, as suggested by the market timing approach (Asquith & Mullins, 1986; Mikkelson & Partch, 1986).

In addition to market timing, share issuance can also be frowned upon if the market considers that the firm is having difficulty contracting debt and/or the firm is generating a low level of cash flow (Albanes & Valle, 2009). This signaling aspect linked to share issuance highlights that agency conflicts and the informational issue have emerged as potential factors that play a prominent role in firm capital structure, beyond just the financial issue inherent in each funding source (Driffield et al., 2007). Agency conflicts arise from the separation

of firm ownership and management, when the interests of the manager (agent) are not aligned with the interests of shareholders not involved in firm management (Jensen & Meckling, 1976). Under the agency theoretical approach, corporate governance comprises a set of mechanisms aimed at protecting the principal (shareholder) against expropriation by managers (La Porta et al., 2000). In this sense, the firm's shareholding control configuration and the quality of the firm's internal corporate governance system, attributes directly linked to agency conflicts, may be influencing the firm's decision to seek external financing by share issuance (Georgakopoulos et al., 2022).

Share issuance and corporate governance

The firm's corporate governance system aims to minimize agency conflicts by aligning the interests of shareholders and managers, and improving the disclosure of firm information, improving firm communication with the market and potential investors, and thus ensuring more adequate returns for investors (Shleifer & Vishny, 1997). A good corporate governance system tries to ensure that the firm's manager (agent) makes optimal decisions regarding the use of the firm's resources and does not incur moral hazard (Love, 2011).

The benefits of corporate governance at the firm level, resulting from the reduction of agency conflicts, may include easier access to external financing (Brandão & Crisóstomo, 2024a; Claessens & Yurtoglu, 2013; Funchal et al., 2008; Javaid et al., 2023). This is because the superior quality of the firm's corporate governance is proposed as being able to reduce the likelihood of investor expropriation, which tends to increase investor confidence in the firm (Claessens & Yurtoglu, 2013; Mande et al., 2012). In this way, better firm corporate governance tends to have a favorable impact on investors' perception of the stock market: better governance should increase the amount of information available and reduce investor uncertainty, which helps to mitigate the perception of risk associated with the firm's agency problems on the part of investors, reducing the cost of equity capital (Hashmi et al., 2024; Hayek et al., 2023; Salehi et al., 2024). Finally, better corporate governance helps to ensure that a share issuance process is seen by the market as a positive signal, reducing the cost associated with investment risk (Farago et al., 2023). In this sense, firms with fewer information problems tend to seek more funding obtained by share issuance (Sony & Bhaduri, 2021).

In institutional environments with weak legal protection and low enforcement, the possibility of investor expropriation is higher, which increases the cost of external funding. Brazil still has ownership struc-

ture aspects that are conducive to investor expropriation, which highlights the need for further research (Brandão & Crisóstomo, 2024b): many firms with non-voting shares and excess voting rights in the hands of controlling shareholders. This reality makes it more important for firms to adopt adequate corporate governance practices in order to reduce agency conflicts and their respective costs, such as informational asymmetry with the market, and thus signal to the market greater security in transactions with the firm (Claessens & Yurtoglu, 2013; La Porta et al., 1999). It is worth mentioning the progress made in adopting corporate governance practices in Brazil in terms of legislation and market institutions — exogenous factors — as well as the voluntary adoption by firms to improve their governance systems (Crisóstomo & Girão, 2019; Saito & Silveira, 2010).

In Brazil, there is research showing a positive relationship between the stock market and better firm corporate governance. In this regard, there is evidence of lower stock volatility and returns above the market average in firms with better governance (Cremers & Nair, 2005; Rogers et al., 2005). There is also evidence that adherence to the most distinguished Brazilian Stock Exchange (B3) segment (*Novo Mercado*) positively affects the partial adjustment of firm share prices after an initial public offering (IPO) (Hoffmann et al., 2013). Furthermore, there is also evidence that better corporate governance structure is related to a firm capital structure with a higher equity proportion (Biscaia et al., 2021).

It is argued that the superior quality of the internal corporate governance system, measured by the level of adoption of corporate governance practices by the firm, is capable of mitigating agency conflicts and informational asymmetry between the firm and other parties involved in the share issuance process, reducing the cost of equity capital and facilitating firm access to financing by share issuance, as proposed in the following hypothesis:

H1: The degree of adoption of corporate governance practices is positively related to financing by share issuance.

Share issuance and shareholding control configuration

In the Brazilian capital market, the highest proportion of firms controlled by a single shareholder is still prevalent, despite the growth in the number of firms controlled by groups of shareholders (shared control) and firms without a controlling shareholder (dispersed control) (Carvalho, 2012; Crisóstomo & Brandão, 2019;

Peixoto & Buccini, 2013). These different types of shareholding control have been observed as capable of affecting the nature and magnitude of firm agency conflicts (Brandão & Crisóstomo, 2023), which may have an impact on its financing decisions (Tayachi et al., 2023).

When no shareholder, alone or through a shareholders' agreement, holds voting rights that grant them corporate control, there is dispersed control, which brings the firm ownership structure closer to the dispersed capital identified by Berle and Means (1932). Under this shareholding control configuration, the theoretical principal-agent agency model prevails, i.e., the agency conflicts between managers and dispersed shareholders are more pronounced (Jensen & Meckling, 1976).

Unlike dispersed control, in firms with defined shareholding control (dominant or shared), the main agency problem arises from conflicts between controlling and minority shareholders — the principal-principal agency model (Young et al., 2008). In these firms, there may be a difference in agency conflicts between firms with dominant control and shared control, considering that the presence of a dominant shareholder exacerbates conflicts between the latter and minority shareholders, since in these firms there is a higher possibility of using private benefits of control (Dyck & Zingales, 2004; Young et al., 2008) and the possibility of conflicts with managers is greatly reduced, making it easier to align interests between ownership and management (Lei et al., 2013). On the other hand, under shared control, the need for collective negotiation between the shareholders that compose the controlling block tends to reduce the possibility of decisions that lead to the expropriation of minority shareholders (Gomes & Novaes, 2005). Thus, agency conflicts between controlling and minority shareholders tend to be more severe in firms with dominant control (Brandão & Crisóstomo, 2023).

The differences in agency conflicts between firms with dispersed control and those with defined control may be able to influence decisions on financing through share issuance. The literature has pointed out that firms with a dominant controlling shareholder are less likely to seek external financing by share issuance, under different arguments. One possible explanation could be the fear of loss of control by controlling shareholders, which can be favored by share issuance (Céspedes et al., 2010; Crisóstomo & Pinheiro, 2015; Ganguli, 2013). We can also consider the higher cost of share issuance due to the risk of expropriation by the controlling shareholder, which generates more distrust from external investors (Crisóstomo & Pinheiro, 2015; Crisóstomo, Pinheiro et al., 2020).

Considering the institutional factor, in countries with weak legal protection for investors, controlling

shareholders can use the funds raised from share issuance as a form of propping, in which the controlling shareholders use such funds to assist controlled firms to avoid their default (Ying & Wang, 2013). In this case, the capital from share issuance would not be related to the firm's better corporate governance, but would be used for providing temporary support to the firm by inflating cash flow and apparently reducing default risk, making the firm more able to obtain debt funding (Friedman et al., 2003).

There is also literature that points out ownership concentration as a factor that mitigates agency conflicts between managers and shareholders (principal-agent agency model) (Muslim & Setiawan, 2021). In this context, dominant control could be seen as a corporate governance mechanism capable of reducing the cost of capital and favoring external financing (Hashmi et al., 2024; Tayachi et al., 2023).

The Brazilian institutional environment has historically been seen as one of low enforcement and weak legal protection for investors, which favors greater ownership concentration and conflicts between controlling and minority shareholders (La Porta et al., 1999). Empirical evidence has signaled that ownership concentration is negatively related to share issuance (Crisóstomo, Pinheiro et al., 2020) and positively related to third-party external funding (Biscaia et al., 2021). In this sense, the presence of dominant control is expected to hinder share issuance, either because of the controlling shareholder's fear of losing control or because of the higher cost of capital resulting from the high risk of expropriation, as proposed in Hypothesis 2.

H2: Firm shareholding control configuration as dominant control is negatively related to share issuance.

Shareholder agreements, or shareholder coalitions to control the firm, tend to include rights and duties between shareholders in order to signal to the market that the firm is better run and that investors are more protected. There are some typical rules in such agreements, for example (Carvalho, 2012; Chemla et al., 2007): tag-along rights, restrictions on the transfer of shares in absentia by the other shareholders, a guarantee of a minimum dividend, restrictions on transactions with related parties, and a requirement for consensus among the members of the agreement regarding crucial decisions such as financing decisions.

In the worst-case scenario, the shareholder agreement could be used for private benefits of control by the members of the agreement, who could expropriate minority shareholders (Bianchi et al., 2001). Good

corporate governance practices suggest that shareholder agreements should be available to all shareholders, should not bind or restrict directors' voting rights, and should not deal with issues related to firm management or firm supervisory entities (Brazilian Institute of Corporate Governance [Instituto Brasileiro de Governança Corporativa], 2023).

The literature suggests a stronger argument for the positive role of shareholder agreements, considering that the use of private benefits of control by a group of shareholders will be more complex or difficult to implement. Thus, the agreement tends to favor the mitigation of conflicts of interest between investors by ensuring that the largest shareholder(s) is(are) monitored by the other signatories to the agreement (Carvalho, 2012; Pagano & Roell, 1998).

The increasing number of Brazilian firms adopting shared control through shareholder agreements has led to greater attention to this type of shareholding control. Results in Brazil indicate that there is a positive effect of shareholder agreements on firm value, indicating that the market considers the agreement as an instrument capable of reducing the possibility of expropriation of minority shareholders (Brandão & Crisóstomo, 2024b). The literature also suggests that shareholder agreements play an even more relevant role in markets with weaker legal protection for investors (Chemla et al., 2007; Klapper & Love, 2004).

Findings show that firms with shareholder agreements exhibit more favorable indices than other firms, such as the ratio between market price and accounting price (P/B), profitability, and the quality of the corporate governance system (Carvalho, 2012). In Brazil, firms with shared control, under formal or informal shareholder agreements, have lower concentration of both voting rights and excess voting rights, signaling less severe agency conflicts between controlling and minority shareholders (Brandão & Crisóstomo, 2023). A higher level of firm reputation has also been documented in firms with shared control (Crisóstomo et al., 2022).

Regarding fundraising in the stock market, the set of elements favorable to firms with shared control tends to reduce their cost of equity capital, given the reduction in agency conflicts between controlling and minority shareholders. Furthermore, the aversion to loss of control from the controlling shareholder group in firms with shared control tends to be lower than in firms with dominant control, since the private benefits of control are lower. In this sense, it is argued that shared control favors financing by share issuance in Brazilian firms, as proposed in Hypothesis 3.

H3: Firm shareholding control configuration as shared control is positively related to share issuance.

Firms with dispersed control, in turn, are those in which the typical principal–agent theoretical agency model prevails (Jensen & Meckling, 1976). In these firms, shareholders should strive for an adequate corporate governance system that is capable of aligning the interests of managers and shareholders through good control mechanisms that mitigate the possibility of the manager incurring moral hazard. Recent evidence shows that Brazilian firms with dispersed shareholding control have a more robust corporate governance system, especially with regard to shareholder rights and management monitoring mechanisms (Brandão & Crisóstomo, 2023).

The better corporate governance structure of firms with dispersed control, coupled with the absence of the possibility of expropriation by a controlling shareholder, tends to improve the firm's relationship with the external financing market, both through debt and share issuance. Under this firm shareholding control configuration, there are also no shareholders afraid of losing power (Brandão & Crisóstomo, 2024a). In this context, it is expected that the dispersed shareholding control configuration will favor financing through share issuance, as proposed below:

H4: Firm shareholding control configuration as dispersed control is positively related to share issuance.

Shareholding control configuration as a moderating element between corporate governance and share issuance

Although the best corporate governance structure is expected to facilitate access to external financing, according to the contingency approach to corporate governance, the effectiveness of corporate governance mechanisms depends on the firm's organizational environment, as the literature has documented (Aguilera et al., 2008; Dedman & Filatotchev, 2008). In this context, it is argued that the effectiveness of many corporate governance mechanisms can be contingent on the firm's ownership structure (Bebchuk & Hamdani, 2009), which can be a contingent factor in the adoption of corporate governance practices by the firm (Aguilera et al., 2008; Aguilera et al., 2012). Thus, it is plausible to consider that the aforementioned type of shareholding control configuration, an important ownership structure attribute, is an element capable of interfering in the adoption of corporate governance practices.

Firms with greater potential for agency conflicts require a more effective governance system, which should be an important instrument in mitigating these conflicts (Renders & Gaeremynck, 2012). Firms with dominant control are more likely to exacerbate conflicts of interest, considering that in such firms there is a higher likelihood of external investor expropriation, given that controlling shareholders have instruments that allow them to use private benefits of control, such as transactions with related parties and high fixed remuneration for managers linked to the controlling shareholder, for example (Bebchuk & Hamdani, 2009). Furthermore, the presence of controlling shareholders does not exclude the possibility of agency conflicts between shareholders and managers (Lei et al., 2013).

Previous studies signal that the agency costs of external financing in firms with a controlling shareholder can be mitigated by the firm's better corporate governance structure, especially in firms with dominant control, in which there is high voting rights concentration (Martins et al., 2017) and excess controlling shareholders' voting rights (Fonseca & Silveira, 2016). This scenario requires a more adequate governance structure capable of signaling greater security to external investors. In this sense, in dominant-controlled firms, the quality of the governance system can signal to investors in the stock market a lower risk of expropriation of the wealth of minority shareholders, contributing to a reduction in the cost of equity capital and a greater volume of fundraising through share issuance. The literature has shown that, in firms with dominant control, the quality of the internal corporate governance system is more relevant to firm value in Brazil (Brandão & Crisóstomo, 2023).

Since the risk of minority shareholder expropriation is greater in firms with dominant control, it is expected that, in such firms, the quality of the internal corporate governance system will have a more prominent marginal effect on the agency costs of external shareholders, favoring the raising of funds by share issuance. Recent literature has shown that the negative effect of corporate governance on the cost of equity capital is intensified in firms with a higher degree of shareholder concentration (Hashmi et al., 2024). The better quality of the corporate governance system, indicative of a lower expropriation risk, is capable of improving the capacity to issue shares in firms with a dominant controlling shareholder, as proposed below.

H5: Dominant control positively moderates the relationship between the level of adoption of corporate governance practices and share issuance.

The characteristics of shared control that motivated the proposition that this type of shareholding control has a positive effect on firm value suggest that shared control reduces agency conflicts (Brandão & Crisóstomo, 2024b; Carvalho, 2012; Pagano & Roell, 1998). This mitigation of agency conflicts due to the shareholder agreement would make the corporate governance system less relevant in these firms for the market, which would consider the control coalition to be an effective corporate governance instrument. The market seems to see shared control as capable of significantly reducing the possibility of minority shareholders being expropriated by a single controlling shareholder. Thus, the establishment of a controlling coalition makes the stock market less demanding with regard to the set of corporate governance practices, making these practices less relevant to outside investors.

A previous study indicates that shared control has a negative moderating effect on the relationship between corporate governance and Brazilian firm value, suggesting that in these firms the quality of the internal corporate governance system is less effective in reducing agency conflicts due to the substitution effect of shared control (Brandão & Crisóstomo, 2023).

When it comes to financing through share issuance, it is expected that the presence of shared control will be perceived by investors in the stock market as a mechanism for monitoring managers and controlling shareholders, which would contribute to reducing the cost of equity and raising funds from external investors. In this sense, shared control would act as a substitute for other internal corporate governance mechanisms, which would make the adoption of corporate governance practices less necessary. This argument motivates the following hypothesis:

H6: Firm shared control negatively moderates the relationship between the level of adoption of corporate governance practices and share issuance.

Firms with dispersed ownership, on the other hand, as they do not have defined control, are immune to the harmful effects of the use of private benefits of control by a controlling shareholder, which is typical under the principal–principal agency theoretical model. On the other hand, these firms, characterized by the principal–agent agency theoretical model, should strive for a good system of corporate governance capable of preventing opportunistic behavior by managers (Dey, 2008).

In a market where firms with defined control and agency conflicts between dominant and minority shareholders are predominant, dispersed ownership

can be seen as a process that contributes to reducing agency conflicts, which would make the adoption of other corporate governance practices less effective in firms with dispersed control (Brandão & Crisóstomo, 2024a). In addition, the corporate governance practices recommended for Brazilian firms may be more effective in aligning conflicts of interest between controlling and minority shareholders, while not being effective in firms where these conflicts do not exist (Brandão & Crisóstomo, 2023). These arguments suggest that the adoption of corporate governance practices by firms with dispersed control would have little effect on the perception of investors in the stock market, given the relevance of dispersed control.

H7: Firm dispersed control negatively moderates the relationship between the level of adoption of corporate governance practices and share issuance.

DATA AND METHODOLOGY

Sample

The sample was made up of non-financial firms listed on the Brazilian Stock Exchange (B3) whose shares have a stock market liquidity index of at least 0.1, in order to include firms with greater market visibility and available data on market value. Firms without stock market liquidity usually do not have a share price that adequately reflects their market value (Nogueira et al., 2021).

Financial firms were excluded due to their peculiar capital structure and financial statement structure. The sample therefore consists of an unbalanced panel data of 1,433 annual observations from 168 firms over the period 2011–2019. This period was chosen due to the uniformity of accounting data following convergence to international accounting standards and the mandatory preparation and disclosure of the reference form from 2010 onward, the base report for extracting data on shareholding control, and the adoption of corporate governance practices. Since 2020, with the COVID-19 pandemic, the deadlines for submitting the reference form have changed, making it difficult to collect data and standardize the date of the reference forms analyzed. In addition, during the pandemic period (2020–2022), there was a sharp drop in the issuance of shares by Brazilian firms due to the economic crisis.

Variables measurement

Table 1 presents the variables used to measure the constructs that make up the empirical models of Equations (1) and (2).

Table 1. Variables definition and measurement.

Construct	Variable	Measurement	References
External financing through share issuance (FUND_SHI)	Financing by share issuance (SH_FUND)	Ratio of cash inflows from equity financing in period t to total assets in t – 1	Kayhan and Titman (2007)
	Share issuance in the year (SH_ISSUE)	Binary variable indicating that the firm raised funds through the issuance of shares in period t	Dittmar and Thakor (2007)
Corporate governance	Corporate governance index (CGI)	Percentage of corporate governance practices adopted by firm i in period t	Brandão et al. (2024)
Type of shareholding control (SHCTRL)	Dominant (DOM), shared (SHRD), and dispersed (DISP) control	A dichotomous variable for each type of shareholding control of firm i in period t	Brandão and Crisóstomo (2023)
Control variables (CONTR)	Tobin's Q (Q)	Ratio of the sum of the market value of equity and the book value of debt at period t – 1 to total assets at t – 1	Crisóstomo, Pinheiro et al. (2020)
	Return on assets (ROA)	Ratio of EBIT at period t – 1 to total assets at t – 1	Crisóstomo, Pinheiro et al. (2020)
	Size (SIZE)	Natural logarithm of total assets at t – 1	Crisóstomo, Pinheiro et al. (2020)
	Sector of activity (SECTOR)	One binary variable for each activity sector, according to the Economatica® classification	Crisóstomo, Pinheiro et al. (2020)
	Year of observation (YEAR)	One binary variable for each year of observation	Crisóstomo, Pinheiro et al. (2020)

Note. Elaborated by the author.

To measure firm access to external financing, we used information on cash flows from financing activities collected from the cash flow statement (CFS), available in the Economatica® database. The cash flow approach was adopted because it contains less noise than the balance sheet approach (Kayhan & Titman, 2007). Access to financing by share issuance (FUND_SHI) was considered using two proxies. First, the ratio between firm cash flow from share issuance in period t and firm total assets in t–1 (SH_FUND). Second, access to financing by share issuance was also operationalized by a binary variable that receives a value of one if firm i obtained cash inflows from share issuance in t, and zero otherwise (SH_ISSUE) (Dittmar & Thakor, 2007).

Firm corporate governance (CGI) was measured by checking the adoption of each of the 42 practices recommended in the codes of good governance for Brazilian firms. This information is available on the CVM website: reference forms, standardized financial statements, bylaws, and institutional documents of the firms. This analysis considered the first version of the reference form published each year (by May 31) and the date of publication of the standardized financial state-

ments and institutional documents. The choice of data from the beginning of each year to measure the level of adoption of corporate governance practices was due to the objective of verifying the effect of the adoption of these practices on share issue financing, calculated on the basis of data from the end of each year.

For each year, the corporate governance score was assigned to each firm, ranging from zero to one, which appraises the degree of adoption of corporate governance practices in each year. Thus, the annual degree of adoption of corporate governance practices for each firm was measured by an index (CGI) obtained by the simple arithmetic average of the points obtained by each firm/year in the practices analyzed. The development of a corporate governance index advances the evaluation of practices recommended in codes of good governance for Brazilian firms, based on a proposal recently used in Brazil (Brandão et al., 2024; Brandão & Crisóstomo, 2023; Crisóstomo et al., 2022). Table 2 contains the corporate governance practices that make up the index, the way in which each one is operationalized, and the average score of all firms for each practice considered separately over the entire period surveyed.

Table 2. Assessment of the corporate governance practices analyzed.

Item analyzed	Practice	Metric	Average score
Shareholder rights	Percentage of voting shares issued by the firm	Voting shares / Total shares	0.857
	Voting rights at general meetings granted to each share category	Firms with only voting shares: Full (1.0); Restricted (0.5); Without rights (0.0) Firms with voting and non-voting shares: Average score for each share category	0.879
	Tag along granted to each share category	Firms with only voting shares: Tag along of voting shares; Firms with voting and non-voting shares: Average tag along of each share category	0.828
Share outstanding	Percentage of outstanding shares	Outstanding shares / Total shares	0.468
	Percentage of voting outstanding shares to total outstanding shares	Free float voting shares / Free total float *	0.842

(continue)

Table 2. Assessment of the corporate governance practices analyzed. (continuation)

Item analyzed	Practice	Metric	Average score
Encouraging shareholder participation in general meetings	Deadline for calling the ordinary general meeting	Deadline for the first call for the general meeting / 30	0.337
	Provision of communication means with shareholders regarding the agenda of the annual general meeting via the internet	Yes (1); No (0)	0.259
Board structure	Number of active members of the board of directors	Is the board of directors composed of 5 to 11 full members? Yes (0.5); No (0) Is the number of active board members odd? Yes (0.5); No (0)	0.569
	Presence of an audit committee or similar	Yes (1); No (0)	0.114
	Presence of a remuneration committee or similar	Yes (1); No (0)	0.797
	Presence of other committees	Yes (1); No (0)	0.489
	The board of directors has no alternate members	Yes (1); No (0)	0.470
Board composition	Percentage of active directors who belong only to the board of directors	Number of external directors / Total number of directors	0.455
	Percentage of effective directors declared independent	Number of independent directors / Total number of directors	0.722
	Percentage of effective directors appointed by minority shareholders	Number of directors appointed by minority shareholders / Total number of directors	0.898
	Segregation of the duties of chairman of the board of directors and chief executive officer	Yes (1); No (0)	0.308
	The fiscal council is installed	Permanently installed (1); Installed but not permanent (0.5); Not installed (0)	0.911
Inspection and control bodies	Percentage of effective fiscal advisors appointed by minority shareholders	Number of fiscal advisors appointed by minority shareholders / Total number of fiscal advisors	0.478
	The independent auditing firm is a big four	Yes (1); No (0)	0.897
	The independent audit firm does not provide non-audit services	Yes (1); No (0)	0.545
	Contract term of the independent audit firm	One year (1); Two years (0.8); Three years (0.6); Four years (0.4); Five years (0.2); More than five years (0)	0.626
	Term of office of the board of directors	One year (1); Two years (0.5); Three years or more (0)	0.611
Board practices	The board of directors does not receive part of the remuneration tied to short-term objectives	Yes (1); No (0)	0.800
	The board of directors does not receive stock-based compensation	Yes (1); No (0)	0.671
	There are formal mechanisms for evaluating the board of directors and/or its members	Yes (1); No (0)	0.428
	Percentage of women as effective directors in relation to the total number of effective board members	Number of women directors / Total number of directors	0.122
	Term of office of the executive board	One year (1); Two years (0.5); Three years (0)	0.469
Executive board practices	The executive board receives part of the remuneration linked to the firm's results	Yes (1); No (0)	0.840
	The executive board receives part of the compensation based on shares	Yes (1); No (0)	0.671
	There are formal mechanisms for evaluating the executive board and/or its members	Yes (1); No (0)	0.945
	Percentage of women in top management team in relation to the total number of members in the top management team	Number of women in top management team / Total number of members in the top management team	0.139
	The firm has a corporate risk management policy and discloses it	Yes (1); No (0)	0.928
Conduct and conflicts of interest	The firm has a code of conduct and publishes it	Yes (1); No (0)	0.745
	The firm has a securities trading policy and discloses it	Yes (1); No (0)	0.868
	The firm has a disclosure policy and publishes it	Yes (1); No (0)	0.967
	The firm has a policy on transactions with related parties and discloses it	Yes (1); No (0)	0.908
	The firm's bylaws have an arbitration clause for resolving conflicts between shareholders and between them and the firm (issuer) through arbitration	Yes (1); No (0)	0.776
Disclosure of information	The firm releases management projections regarding its future performance	Yes (1); No (0)	0.350
	The firm publishes a sustainability report or similar on its website	Yes (1); No (0)	0.554
	The firm discloses non-accounting performance indicators	Yes (1); No (0)	0.933
	Type of independent audit opinion	Without reservation (1); With reservation (0.5); Adverse or negative opinion (0)	0.969
	Compliance with the disclosure of mandatory information	Yes (1); No (0)	0.992

Note. Based on Brandão, I. F., Crisóstomo, V., & López-Iturriaga, F. J. (2024). A multidimensional analysis of corporate governance and firm value. *Journal of Management and Governance*, 28(4), 985-1016. <https://doi.org/10.1007/s10997-024-09699-8>

The type of shareholding control (SHCTRL) was captured through content analysis of the identity of the ultimate controlling shareholder, available in the first version of the reference form published by the firm each year, according to the methodology recently used in Brazil (Brandão & Crisóstomo, 2023; Crisóstomo et al., 2022). According to the information provided in the reference form, the firm's (ultimate) controlling shareholders were identified. After this identification, shareholding control was categorized through content analysis into three types: dominant control (DOM), shared control (SHRD), and dispersed control (DISP). A firm has dominant control (DOM) when there is a single ultimate shareholder or the ultimate shareholders belong to the same family or economic group. Control is shared (SHRD) when there is more than one ultimate shareholder and they do not belong to the same economic group or the same family but have entered into a controlling coalition that regulates voting rights at general meetings. Finally, control is said to be dispersed (DISP) when there is no ultimate shareholder appointed by the firm and there are no individual shareholders or agreements among shareholders holding more than 50% of the firm's voting capital.

In all model estimates, control variables that the literature has suggested as possible determinants of

share issuance were included, measured as described in Table 1 (Crisóstomo, Pinheiro et al., 2020): Tobin's Q (Q), return on assets (ROA), size (TAM), sector of activity (SECTOR), and year of observation (YEAR). The financial control variables were measured using values for period $t - 1$, with data extracted from the Economática® database. Lagged values were used to reduce simultaneity problems and to check whether these financial and market indicators at the end of one year affect the firm's financing decisions during the following year.

Empirical models

In order to analyze the effect of the degree of adoption of corporate governance practices and the type of shareholding control on financing through share issuance, models were estimated based on the model of Equation (1), where: FUND_SHI is the financing raised through share issues by firm i in period t , considering both the volume raised (SH_FUND) and the share issuance itself (SH_ISSUE) in specific models; CGI is an index that proxies the quality of firm corporate governance in period t ; SHCTRL are binary variables indicating the type of shareholding control (dominant, shared, dispersed) of firm i in period t ; CONTR are control variables associated with firm i in period t ; and ε is the error term.

$$FUND_AC_{i,t} = \beta_0 + \beta_1 CGI_{i,t} + \beta_2 SHCTRL_{i,t} + \beta_3 \sum CONTR_{i,t} + \varepsilon \quad (1)$$

In order to verify whether the type of shareholding control is a contingent factor in the relationship between the level of adoption of corporate governance practices and corporate financing through share issuance, it is analyzed whether the type of shareholding control (SHCTRL) has the power to moderate the

relationship between corporate governance and financing through share issuance. This is done by analyzing the coefficient of the interaction variable (cross variable) constructed as the product of the corporate governance and shareholding control variables (CGI*SHCTRL), according to Equation (2).

$$FUND_SHI_{i,t} = \beta_0 + \beta_1 GCI_{i,t} + \beta_2 SHCTRL_{i,t} + \beta_3 [GCI * SHCTRL]_{i,t} + \beta_4 \sum CONTR_{i,t} + \varepsilon \quad (2)$$

Statistical method

Models presented in Equations (1) and (2) were estimated using two econometric models, one for each dependent variable – the amount of funds raised by share issuance (SH_FUND) and a dummy variable capturing share issuance by the firm in the year (SH_ISSUE). First, the effect of corporate governance (CGI) and shareholding control (SHCTRL) on the amount of funds raised by share issuance (SH_FUND) was analyzed, and the models in Equations (1) and (2) were estimated us-

ing the feasible generalized least squares (FGLS) model. The FGLS model was chosen because it corrects problems of heteroscedasticity and autocorrelation of residuals (Wooldridge, 2002), which were observed in the estimation of ordinary least squares models through the Breusch–Pagan and Cumby–Huizinga tests, respectively. Random effects modeling was chosen because the explanatory variables of interest (type of shareholding control and level of adoption of corporate governance practices) show low temporal variation, and the use of

fixed effects estimators would make the estimates imprecise (Fávero, 2013; Wooldridge, 2002).

The second step was to verify the effect of corporate governance (CGI) and shareholding control (SHCTRL) on the firm's decision and action of issuing shares which is proxied by an annual dummy variable (SH_ISSUE). These estimates were processed using logit modeling with random effects and robust errors.

Possible problems with outliers in the financial and market variables were mitigated by winsorizing at the 1% level in the top and bottom percentiles of the sample for each variable. Correlation and variance inflation factor (VIF) tests indicated no problems with multicollinearity or collinearity in any of the models. The highest correlation coefficient between explanatory variables

was between Tobin's Q and return on assets (0.485). The VIFs were all below 100.

RESULTS AND DISCUSSION

Descriptive statistics

Table 3 shows the descriptive statistics for the model variables. It can be seen that financing by share issuance (SH_FUND) corresponds to only 1.1% of the firm's assets, with high variability. Only 39.15% of firms used share issuance as a form of financing. This finding corroborates the predominant historical tendency of Brazilian firms to use debt financing (Brandão & Crisóstomo, 2024a). The average adoption index of corporate governance practices (CGI) is 64.5%, showing low variability.

Table 3. Descriptive statistics of model variables.

Variables	Average	Standard deviation	Coefficient of variation	Minimum	Maximum
SH_FUND	0.011	0.034	3.137	0.000	0.164
CGI	0.645	0.091	0.141	0.282	0.873
Q	1.093	0.817	0.747	0.151	3.892
ROA	0.068	0.085	1.244	-0.189	0.248
SIZE	15.482	1.408	0.091	12.745	18.514

Note. Variables: resources raised through share issuance (SH_FUND), corporate governance practices adoption index (CGI), Tobin's Q (Q), return on assets (ROA), and size (SIZE).

Firms with dominant control predominate in the Brazilian capital market, accounting for 55.34% of firms. In contrast, shared control is present in 24.49% of firms, and dispersed control (without a defined controller) remains the least common shareholding configuration, comprising 20.17% of firms (Table 4).

Table 4 shows the average and the difference in means test for firm indices by type of shareholding control configuration. It can be seen that raising funds through share issuance (SH_FUND) is more intense in firms with dispersed control, being statistically higher than the same parameter in firms with dominant control.

Table 4. Comparison of indices between firms by category of shareholding control configuration.

Variable	Type of shareholding control				Mean difference test				
	DISP	SHRD	DOM	TOTAL	DISP x SHRD	DISP x DOM	SHRD x DOM		
SH_FUND	0.016	0.012	0.009	0.011	1.437	2.484	**	0.993	
CGI	0.713	0.645	0.620	0.645	10.811	15.998	***	5.144	***
Q	1.174	1.293	0.975	1.093	-1.666	3.407	*	5.803	***
ROA	0.048	0.086	0.067	0.068	-5.296	-2.947	***	3.784	***
SIZE	15.058	15.629	15.572	15.482	-5.282	-5.303	***	0.656	
Firms	47	63	111	168					
Observations	289 20.17%	351 24.49%	793 55.34%	1433					

Note. Variables: resources raised through share issuance (SH_FUND), corporate governance practices adoption index (CGI), Tobin's Q (Q), return on assets (ROA), and size (SIZE). Types of shareholding control: dispersed (DISP), shared (SHRD), and dominant (DOM).

Another result worth highlighting is the degree of adoption of corporate governance practices, which is significantly higher for firms with dispersed control, confirming previous studies (Crisóstomo & Brandão, 2019). In second place is the group of firms with shared control, which also shows a higher quality of corporate governance than firms with dominant control. The market value (Tobin's Q) of firms with dominant con-

trol is significantly lower than that of the other firms, suggesting that agency conflicts are indeed more pronounced in these firms. Finally, firms with shared control, although less adherent to governance practices than firms with dispersed control, exhibit higher profitability and market value, which suggests that agency conflicts are less pronounced in these firms.

Regression analysis

Table 5 shows the results of model estimates that assessed the effect of shareholding control and corporate governance on the amount of funds raised through share issuance. The results show that there is no significant positive influence of the adoption of corporate governance practices (CGI) on financing through share issuance, as suggested (Hypothesis 1). Regarding the type of shareholding control, contrary to expectations, there was no direct effect of the type of shareholding control on the amount of funds raised through share issuance, whether by dominant control (Hypothesis 2), shared control (Hypothesis 3), or dispersed control (Hypothesis 4) (Table 5; Models 1, 2, and 3).

The assessment of the moderating effect of shareholding control configuration (Table 5; Models 4, 5, and 6), which involves analyzing the coefficients of the interaction variables, reveals that there is indeed an influence of the control configuration on the effect of governance on the ability to raise funds by share issuance. It can be seen that dominant control (DOM*CGI) and

dispersed control (DISP*CGI) have a moderating effect on the relationship between corporate governance and share issuance financing. Dominant control moderates the relationship between corporate governance (DOM*CGI) and share issuance positively, indicating that in these firms there is a stronger relationship between corporate governance and the volume of funds raised through share issues. This finding suggests that in firms with dominant control, corporate governance is being more highly regarded as an effective instrument capable of mitigating the likelihood of expropriation of minority shareholders (Table 5; Model 4) (Hypothesis 5). On the other hand, dispersed control moderates the relationship between corporate governance (DISP*CGI) and equity financing negatively, meaning that in these firms, equity investors do not take corporate governance into account. It seems that in these firms, ownership dilution is by itself a signaling element of lower propensity for minority shareholder expropriation, given the absence of controlling shareholders with excessive power (Table 5; Model 6) (Hypothesis 7).

Table 5. Raising funds through share issuance, corporate governance, and shareholding control.

	(1)	(2)	(3)	(4)	(5)	(6)
CGI	0.004 (0.012)	0.009 (0.011)	0.001 (0.012)	-0.022 (0.017)	0.010 (0.012)	0.019* (0.013)
DOM	-0.003 (0.002)			-0.033** (0.014)		
SHRD		0.001 (0.002)			0.006 (0.018)	
DISP			0.004 (0.003)			0.063*** (0.019)
DOM*CGI				0.046** (0.021)		
SHRD*CGI					-0.008 (0.027)	
DISP*CGI						-0.085*** (0.027)
Q	0.003* (0.001)	0.003* (0.001)	0.003* (0.001)	0.003* (0.001)	0.003* (0.001)	0.003* (0.001)
ROA	-0.069*** (0.013)	-0.070*** (0.013)	-0.068*** (0.013)	-0.068*** (0.013)	-0.070*** (0.013)	-0.065*** (0.013)
SIZE	-0.001** (0.001)	-0.001** (0.001)	-0.001 (0.001)	-0.001** (0.001)	-0.001** (0.001)	-0.001 (0.001)
Constant	0.040*** (0.013)	0.036*** (0.012)	0.036*** (0.012)	0.058*** (0.015)	0.035*** (0.013)	0.022* (0.013)
No. observations	1433 3.36***	1433 3.32***	1433 3.35***	1433 3.27***	1433 3.23***	1433 3.33***
R2	0.077	0.075	0.077	0.080	0.075	0.083

Note. Dependent variable is financing by share issuance (SH_FUND), calculated by the ratio between cash inflows from financing from share issuance, and total assets in $t - 1$. Coefficients estimated with robustness to heteroscedasticity by FGLS. Standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Furthermore, smaller firms (SIZE) are more likely to obtain financing by share issuance (SH_FUND), as expected, due to their greater demand for financing in their growth phase. The negative effect of profitability (ROA) on share issuance would be a sign of the Brazilian firms' preference to finance themselves by

using cash flow (retained profit), which would be indicative of a pecking-order behavior. The positive relationship between equity issuance and market value (Q) indicates that firms with higher market value actually have more growth opportunities and are using more share issuance, probably because they are transmitting

to the market an adequate signal about their good investment opportunities.

Model estimates were also carried out using as the dependent variable a dummy indicating that the firm obtained financing by share issuance (SH_ISSUE) in the year, in order to check whether the decision to issue shares (regardless of the amount financed) is affected by the quality of the firm's corporate governance and

the type of shareholding control. The results, shown in Table 6, reveal that the decision to raise funds from share issuance tends to be positively related to the quality of the firm's corporate governance (Table 6; Models 1, 2, and 5) and to firm dispersed control (Table 6; Model 3). However, the moderating effect of the type of shareholding control on the relationship between corporate governance and equity financing was not found.

Table 6. Share issuance, corporate governance, and shareholding control configuration.

	(1)	(2)	(3)	(4)	(5)	(6)
CGI	2.746* (1.508)	3.195** (1.481)	2.264 (1.541)	2.555 (1.980)	3.407** (1.566)	2.533 (1.707)
DOM	-0.408 (0.260)			-0.645 (1.614)		
SHRD		-0.074 (0.270)			0.704 (1.891)	
DISP			0.633** (0.301)			1.371 (2.033)
DOM*CGI				0.362 (2.438)		
SHRD*CGI					-1.202 (2.893)	
DISP*CGI						-1.082 (2.946)
Q	0.570*** (0.152)	0.571*** (0.151)	0.582*** (0.151)	0.569*** (0.152)	0.571*** (0.151)	0.578*** (0.152)
ROA	-3.217** (1.259)	-3.146** (1.260)	-3.086** (1.257)	-3.221** (1.259)	-3.159** (1.260)	-3.085** (1.256)
SIZE	0.362*** (0.128)	0.361*** (0.129)	0.387*** (0.129)	0.363*** (0.128)	0.361*** (0.129)	0.389*** (0.129)
Constant	-7.401*** (1.929)	-7.816*** (1.921)	-7.805*** (1.908)	-7.275*** (2.106)	-7.960*** (1.952)	-7.999*** (1.981)
No. observations	1433	1433	1433	1433	1433	1433
X ²	68.31***	66.36***	70.40***	68.32***	66.56***	70.59***

Note. Dependent variable is a dummy variable (SH_ISSUE) indicating that the firm raised funds by share issuance in year *t*. Estimated coefficients with robustness to heteroskedasticity by random effects of logit regression. Standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Discussion of results

Agency theory deals with conflicts of interest between insiders and the firm's external financiers. These conflicts arise from the different configurations of firm ownership structure (Jensen & Meckling, 1976) and can be mitigated by the adoption of corporate governance practices (Dey, 2008). The aim of this study was to analyze the effect of corporate governance and the type of shareholding control on access to financing by share issuance in Brazilian firms. The results support the proposition that agency theory can help explain financing decisions through share issuance in Brazilian firms, and that the effectiveness of corporate governance is contingent on the type of shareholding control of the firm (Aguilera et al., 2008; Aguilera et al., 2012).

The results suggest that corporate governance and dispersed control seem to be relevant factors in the decision to seek financing through the stock market (Table 6). On the other hand, when the interaction between corporate governance and the type of share-

holding control is analyzed, there is a positive moderating effect of dominant control and a negative moderating effect of dispersed control on the relationship between corporate governance and the amount of financing by share issuance (Table 5).

It has been suggested that better-structured corporate governance, by reducing agency conflicts, would reduce the cost of capital by share issuance, contributing to raising a greater volume of funds (Hypothesis 1) (Aldamen & Duncan, 2012; Claessens & Yurtoglu, 2013; Mande et al., 2012; Sony & Bhaduri, 2021). However, this result was not found for share issuance in Brazil. Thus, the better corporate governance structure would not be affecting the financing through share issuance of the Brazilian firms. This can be explained by the argument that the risk of an ineffective corporate governance system is part of idiosyncratic risk, and that the beta coefficient in the Brazilian market would only reflect systemic risk, endorsing the classic CAPM theory (Cazzari et al., 2015).

Firm dominant control is seen in the literature as having greater potential to exacerbate agency conflicts (Brandão & Crisóstomo, 2023), which may explain the lower market value of these firms. With regard to share issuance, tests for the difference in means indicate that firms with a single controlling shareholder raise a lower volume of funds than firms with dispersed shareholding control, supporting the hypothesis that dominant shareholding control disfavors share issuance (Hypothesis 2). However, in the regression analysis, there was no negative effect of dominant control on fundraising through share issuance. Thus, although the literature has shown that the presence of controlling shareholders tends to restrict Brazilian firms' access to the stock market (Crisóstomo, Brandão et al., 2020), this condition does not seem to impact the amount of funds raised by share issuance.

It was observed that dominant control positively moderates the relationship between the adoption of corporate governance practices and access to financing by share issuance, as suggested (Hypothesis 5). The analysis of descriptive statistics has revealed that agency conflicts between controlling and minority shareholders are greater in firms with dominant control, given that these firms present lower market value. The existence of more severe agency conflicts and higher expropriation risk of minority shareholders (Bebchuk & Hamdani, 2009; Connelly et al., 2010) may explain the relevance of the firm's corporate governance structure in gaining access to financing by share issuance in firms with dominant control.

Firm shared control is seen as an ownership structure that seems to be able to reduce agency conflicts between controlling and minority shareholders (Brandão & Crisóstomo, 2023). In accordance with this literature, the present descriptive analysis reveals that firms with shared control present higher market value and profitability. However, the hypothesis that this shareholding control configuration is associated with a higher volume of fundraising from share issuance (Hypothesis 3) was not confirmed. In fact, despite the reputation of shared control among investors, the fact that there is defined control in these firms can cause the group of controlling shareholders to restrict share issuance due to fear of reducing their power in firm control (Céspedes et al., 2010; Crisóstomo & Pinheiro, 2015; Ganguli, 2013).

There was also no moderating effect of the shared control configuration on the relationship between firm corporate governance and fundraising by share issuance (Hypothesis 6). These results suggest that shared control is not seen in the primary stock market (share issuance) as a substitute for other corporate governance prac-

tices, unlike what was found in the secondary market (Brandão & Crisóstomo, 2023).

The descriptive analysis revealed that firms with dispersed control present a higher degree of adoption of corporate governance practices and a higher volume of funds raised by share issuance. The results of the regression analysis, however, did not support the hypothesis that this firm shareholding control configuration is a determining factor for the amount of funds raised on the primary stock market (Hypothesis 4). In this sense, the results indicate that, once the decision has been made for the company to seek funds on the stock market, the fact that the firm has defined control or not is not relevant to the amount of funds to be raised.

On the other hand, the absence of defined control seems to be negatively moderating the relationship between corporate governance and the amount of funds raised through share issues, corroborating what was expected (Hypothesis 7). In a market where firms with defined control and principal–principal agency conflicts predominate, dispersed control seems to be seen by capital market investors as a positive characteristic, which reduces the need for additional corporate governance mechanisms (Brandão & Crisóstomo, 2024a). In fact, many of the corporate governance practices proposed in the codes of good governance for Brazilian firms and analyzed in this research are aimed at conflicts between controlling and minority shareholders (principal–principal agency model), and are less effective in firms with dispersed control, whose main agency conflict lies in relations between managers and dispersed shareholders (principal–agent agency model).

Ownership structure and corporate governance can also affect the firm's choice of financing source (Georgakopoulos et al., 2022). When analyzing the decision to seek financing through share issuance in Brazilian firms, the results show that this decision is related to a higher level of adoption of governance practices and dispersed control and is not affected by the moderating effect of corporate governance in conjunction with the type of shareholding control (Table 6). Thus, although we did not observe a direct effect of corporate governance and the type of shareholding control on the amount financed by share issuance, these additional findings suggest that Brazilian firms, when deciding whether or not to issue shares to finance their investments, consider the quality of their corporate governance structure and the presence (or absence) of defined shareholding control. It is therefore possible to verify that attributes associated with agency theory (corporate governance and shareholding control) are more relevant in the corporate financing decision-making process than in the pursuit of the largest volume of funds raised on the stock market.

CONCLUSION

This paper provides theoretical, methodological, and organizational contributions. In theoretical terms, the analysis of financing decisions under the agency theory proposal is deepened, discussing how the quality of the internal corporate governance system and the shareholding control configuration can be relevant in the decision-making process for financing through share issuance, as well as in the amount of funds raised by this form of financing. In addition, we sought to analyze, in light of the contingency approach to corporate governance, the extent to which the type of shareholding control — an important attribute of the ownership structure that has not yet been studied, to the best of our knowledge — can help us understand the role of corporate governance in reducing agency conflicts and raising a greater volume of funds through share issuance.

Methodologically, shareholding control was categorized according to the type and magnitude of agency conflicts, a classification not addressed in previous research dealing with corporate financing, as far as we are aware. Firm funding through share issuance was investigated based on the amount raised by the firm, an approach that presents less noise than the balance sheet-based approach and allowed for a separate analysis of this important source of financing.

In practice, the results confirmed the reality that financing through share issuance in Brazilian firms is still limited. In addition, the study showed that the set of corporate governance practices analyzed is associated with the decision to issue shares, although it is not contributing to an increase in the amount of funds raised by share issuance. It is therefore necessary for the various stakeholders to engage in efforts to foster the development of the stock market and improve confidence in the Brazilian capital markets.

Two other results of the study should be highlighted and require further empirical investigation. First, little is known about the implications of shared control for corporate governance and corporate finance. Previous empirical evidence has indicated that this type of shareholding control may serve as a corporate governance mechanism. The results of this study show that firms with shared control are associated with greater profitability and higher market value, although this shareholding control configuration does not affect financing through share issuance by Brazilian firms. Second, although dispersed control is the shareholding control configuration that most frequently uses share issuance financing, the negative moderating effect of dispersed control on the relationship between the level of adoption of corporate governance practices and the

amount of funds raised through share issuance stands out. This finding raises questions about the effectiveness of the corporate governance practices analyzed within this shareholding control configuration. Unlike firms with shared and dominant control, the main agency conflicts in firms with dispersed control fall under the principal–agent agency theoretical model. In a market characterized by firms with defined control, the governance practices recommended by codes of good governance may not apply to firms with dispersed control. With the growing number of firms without defined shareholding control in the Brazilian market, it seems important to investigate and propose more appropriate corporate governance practices for this reality.

Finally, it should be noted that the research investigated in depth an attribute of the ownership structure (shareholding control configuration) that has not yet been studied and assessed corporate governance based on a general index that captures the adoption of a wide range of recommended governance practices. In this sense, future research could analyze the relationship between financing through share issuance in Brazilian firms and other attributes of the ownership structure, such as the concentration of voting rights and excess voting rights, which are indicators of more pronounced agency conflicts. With regard to corporate governance, it could be investigated whether specific attributes of firms' internal corporate governance systems have a greater impact on raising funds through share issuance, such as the composition of the board of directors and the remuneration policy for directors.

REFERENCES

- Aguilera, R. V., Desender, K. A., & Castro, L. R. K. (2012). A bundle perspective to comparative corporate governance. In T. Clarke & D. Branson (Eds.), *SAGE Handbook of Corporate Governance* (pp. 379-405). Sage Publications. <https://doi.org/10.4135/9781446200995.n18>
- Aguilera, R. V., Filatotchev, I., Gospel, H., & Jackson, G. (2008). An organizational approach to comparative corporate governance: Costs, contingencies, and complementarities. *Organization Science*, 19(3), 475-492. <https://doi.org/10.1287/orsc.1070.0322>
- Albarez, T., & Valle, M. R. (2009). Impactos da assimetria de informação na estrutura de capital de empresas brasileiras abertas. *Revista Contabilidade & Finanças*, 20(51), 6-27. <https://doi.org/10.1590/S1519-70772009000300002>
- Aldamen, H., & Duncan, K. (2012). Does adopting good corporate governance impact the cost of intermediated and non-intermediated debt? *Accounting & Finance*, 52(s1), 49-76. <https://doi.org/10.1111/j.1467-629X.2011.00439.x>
- Aldrighi, D. M., & Mazzer, R., Neto. (2007). Evidências sobre as estruturas de propriedade de capital e de voto das empresas de capital aberto no Brasil. *Revista Brasileira de Economia*, 61(2), 129-152. <https://doi.org/10.1590/S0034-71402007000200001>
- Asquith, P., & Mullins, D. W. (1986). Equity issues and offering dilution. *Journal of Financial Economics*, 15(1-2), 61-89. [https://doi.org/10.1016/0304-405X\(86\)90050-4](https://doi.org/10.1016/0304-405X(86)90050-4)
- Barclay, M. J., & Smith, C. (2020). The capital structure puzzle: Another look at the evidence. *Journal of Applied Corporate Finance*, 32(1), 80-91. <https://doi.org/10.1111/jacf.12390>
- Bebchuk, L. A., & Hamdani, A. (2009). The elusive quest for global governance standards. *University of Pennsylvania Law Review*, 157(5), 1263-1317. https://scholarship.law.upenn.edu/penn_law_review/vol157/iss5/1/

- Berle, A., & Means, G. (1932). *The modern corporation and private property*. Macmillan.
- Bianchi, M., Bianco, M., & Enriques, L. (2001). Pyramidal groups and the separation between ownership and control in Italy. In F. Barca & M. Becht (Eds.), *The Control of Corporate Europe*. Oxford University Press. <https://doi.org/10.1093/0199257531.003.0006>
- Biscaia, L. F., Gerigk, W., Atamanczuk, M. J., & Ribeiro, F. (2021). Concentração de propriedade, governança corporativa e estrutura de capital no segmento de energia elétrica da B3. *Revista Evidenciação Contábil & Finanças*, 9(2), 7–25. <https://doi.org/10.22478/ufpb.2318-1001.2021v9n2.53271>
- Brandão, I. F. (2022). Análise da literatura empírica sobre estrutura de propriedade no mercado de capitais brasileiro. *Revista Contabilidade e Controladoria*, 14(1), 27-50. <https://doi.org/10.5380/rcc.v14i1.80646>
- Brandão, I. F., Crisóstomo, V., & López-Iturriaga, F. J. (2024). A multidimensional analysis of corporate governance and firm value. *Journal of Management and Governance*, 28(4), 985-1016. <https://doi.org/10.1007/s10997-024-09699-8>
- Brandão, I. F., & Crisóstomo, V. L. (2023). Configuración del control accionario, gobierno corporativo y valor de la empresa: un análisis de las empresas brasileñas. *Estudios Gerenciales*, 39(169), 417-434. <https://doi.org/10.18046/j.estger.2023.169.5922>
- Brandão, I. F., & Crisóstomo, V. L. (2024a). Shareholding control, corporate governance and debt financing of Brazilian companies. *Revista Brasileira de Gestão de Negócios*, 26(4), e20240007. <https://doi.org/10.7819/rbgn.v26i4.4276>
- Brandão, I. F., & Crisóstomo, V. L. (2024b). Shareholding control, ownership concentration, and the value of the Brazilian firm. *Borsa Istanbul Review*, 24(5), 984-995. <https://doi.org/10.1016/j.bir.2024.05.008>
- Brealey, R. A., Myers, S. C., & Allen, F. (2013). *Princípios de Finanças Corporativas* (10 ed.). McGraw-Hill Interamericana.
- Carvalho, A. (2012). Do shareholder agreements affect market valuation?: Evidence from Brazilian listed firms. *Journal of Corporate Finance*, 18(4), 919-933. <https://doi.org/10.1016/j.jcorpfin.2012.04.003>
- Cazzari, R. B., Fávero, L. P. L., & Takamatsu, R. T. (2015). Governança corporativa e beta de empresas listadas na BM&FBOVESPA. *Revista Catarinense da Ciência Contábil*, 14(43), p. 51-62. <https://doi.org/10.16930/2237-7662/rcc.v14n43p51-62>
- Céspedes, J., González, M., & Molina, C. A. (2010). Ownership and capital structure in Latin America. *Journal of business research*, 63(3), 248-254. <https://doi.org/10.1016/j.jbusres.2009.03.010>
- Chemla, G., Habib, M. A., & Ljungqvist, A. (2007). An analysis of shareholder agreements. *Journal of the European Economic Association*, 5(1), 93-121. <https://doi.org/10.1162/JEEA.2007.5.193>
- Cheung, A. (2016). Corporate social responsibility and corporate cash holdings. *Journal of Corporate Finance*, 37, 412-430. <https://doi.org/10.1016/j.jcorpfin.2016.01.008>
- Claessens, S., & Yurtoglu, B. B. (2013). Corporate governance in emerging markets: A survey. *Emerging markets review*, 15, 1-33. <https://doi.org/10.1016/j.ememar.2012.03.002>
- Connelly, B. L., Hoskisson, R. E., Tihanyi, L., & Certo, S. T. (2010). Ownership as a form of corporate governance. *Journal of Management Studies*, 47(8), 1561-1589. <https://doi.org/10.1111/j.1467-6486.2010.00929.x>
- Cremers, M., & Nair, V. B. (2005). Governance mechanisms and equity prices. *Journal of Finance*, 60(6), 2859-2894. <https://doi.org/10.1111/j.1540-6261.2005.00819.x>
- Crisóstomo, V. L., & Brandão, I. F. (2019). The ultimate controlling owner and corporate governance in Brazil. *Corporate Governance: The international journal of business in society*, 19(1), 120-140. <https://doi.org/10.1108/CG-01-2018-0043>
- Crisóstomo, V. L., Brandão, I. F., & López-Iturriaga, F. J. (2020). Large shareholders' power and the quality of corporate governance: An analysis of Brazilian firms. *Research in international business and finance*, 51, 101076. <https://doi.org/10.1016/j.ribaf.2019.101076>
- Crisóstomo, V. L., & Girão, A. M. C. (2019). Análise do compliance das empresas brasileiras às boas práticas de governança corporativa. *Revista Ambiente Contábil - Universidade Federal do Rio Grande do Norte - ISSN 2176-9036*, 11(2), 40-64. <https://doi.org/10.21680/2176-9036.2019v11n2ID16369>
- Crisóstomo, V. L., & Pinheiro, B. G. (2015). Estrutura de Capital e Concentração de Propriedade da Empresa Brasileira. *Revista de Finanças Aplicadas*, 2015(4), 1-30. <http://financasaplicadas.fia.com.br/index.php/financasaplicadas/article/view/299>
- Crisóstomo, V. L., Pinheiro, B. G., & Nakamura, W. T. (2020). Concentração de propriedade e emissão de ação: Evidência da América Latina. *Brazilian Review of Finance (Online)*, 18(4), 33–76. <https://doi.org/10.12660/rbfin.v18n4.2020.81194>
- Crisóstomo, V. L., Prudêncio, P. A., & Brandão, I. F. (2022). Corporate Reputation in Brazil: The Effects of the Shareholding Control Configuration, Corporate Governance, and Corporate Social Responsibility. *Corporate Reputation Review*. <https://doi.org/10.1057/s41299-022-00152-w>
- Dedman, E., & Filatotchev, I. (2008). Corporate governance research: a contingency framework. *International Journal of Managerial Finance*, 4(4), 248-258. <https://doi.org/10.1108/17439130810902778>
- Dey, A. (2008). Corporate Governance and Agency Conflicts. *Journal of Accounting Research*, 46(5), 1143-1181. <https://doi.org/10.1111/j.1475-679X.2008.00301.x>
- Dittmar, A., & Thakor, A. (2007). Why do firms issue equity?. *The Journal of Finance*, 62(1), 1-54. <https://doi.org/10.1111/j.1540-6261.2007.01200.x>
- Driffield, N., Mahambare, V., & Pal, S. (2007). How does ownership structure affect capital structure and firm value? Recent evidence from East Asia. *Economics of Transition*, 15(3), 535-573. <https://doi.org/10.1111/j.1468-0351.2007.00291.x>
- Dyck, A., & Zingales, L. (2004). Private benefits of control: An international comparison. *The Journal of Finance*, 59(2), 537-600. <https://doi.org/10.1111/j.1540-6261.2004.00642.x>
- Farago, F. E., Bortoloto, G. T., Mouco, E. A., Junior, & Cippiciani, F. A. (2023). A percepção de risco dos bancos de investimento e os custos de emissão de ações. *Management Control Review*, 7(1), 17-27. <https://doi.org/10.51720/mcrv7i1.5360>
- Fávero, L. P. L. (2013). Panel data in accounting and finance: Theory and application. *Brazilian Business Review*, 10(1), 131-156. <https://doi.org/10.15728/bbr.2013.10.16>
- Fonseca, C. V. C., & Silveira, R. L. F. (2016). Corporate Governance and Cost of Debt: evidences among Brazilian listed companies. *REAd. Revista Eletrônica de Administração*, 22(1), 106-133. <https://doi.org/10.1590/1413-2311.016162016.62739>
- Friedman, E. J., Johnson, S., & Mitton, T. (2003). Propping and tunneling. *Journal of Comparative Economics*, 31, 732-750. <https://doi.org/10.1016/J.JCE.2003.08.004>
- Funchal, B., Galdi, F. C., & Lopes, A. B. (2008). Interactions between Corporate Governance, Bankruptcy Law and Firms' Debt Financing: the Brazilian Case. *Brazilian Administration Review*, 5(3), 245-259. <https://doi.org/10.1590/S1807-76922008000300006>
- Ganguli, S. K. (2013). Capital structure - does ownership structure matter? Theory and Indian evidence. *Studies in Economics and Finance*, 30(1), 56-72. <https://doi.org/10.1108/10867371311300982>
- Georgakopoulos, G., Toudas, K., Poutos, E. I., Kounadeas, T., & Tsavalias, S. (2022). Capital structure, corporate governance, equity ownership and their impact on firms' profitability and effectiveness in the energy sector. *Energies*, 15(10), 3625. <https://doi.org/10.3390/en15103625>
- Gomes, A., & Novaes, W. (2005). Sharing of control versus monitoring as corporate governance mechanisms. In: Olin School of Business, Washington University in St. Louis. <https://dx.doi.org/10.2139/ssrn.277111>
- Hashmi, M. A., Istaqlal, U., & Brahmana, R. K. (2024). Corporate governance and cost of equity: the moderating role of ownership concentration levels. *South Asian Journal of Business Studies*, 13(2), 282-302. <https://doi.org/10.1108/SAJBS-01-2021-0019>
- Hayek, A. F., Oudat, M. S., Ali, B. J. A., Al-Alkawi, T., & Abu El Haija, M. F. (2023). Corporate governance and cost of equity: An empirical investigation of the United Arab Emirates stock market. *Corporate & Business Strategy Review*, 4(4), 24–31. <https://doi.org/10.22495/cbsrv4i4art3>
- Harris, M., & Raviv, A. (1991). The Theory of Capital Structure. *Journal of Finance*, 46(1), 297-355. <https://doi.org/10.1111/j.1540-6261.1991.tb03753.x>
- Hoffmann, R., Bortoluzzo, A. B., & Machado, S. J. (2013). Impacto da estrutura de propriedade e do nível de governança corporativa no ajuste parcial de preços em um IPO. *Revista de Economia e Administração*, 12(1), 56-74. <https://doi.org/10.11132/rea.2012.620>
- Instituto Brasileiro de Governança Corporativa. (2023). *Código das Melhores Práticas de Governança Corporativa*. 6 ed. São Paulo: IBGC. <https://conhecimento.ibgc.org.br/Paginas/Publicacao.aspx?PubId=24640>
- Javaid, A., Nazir, M. S., & Fatima, K. (2023). Impact of corporate governance on capital structure: mediating role of cost of capital. *Journal of Economic and Administrative Sciences*, 39(4), 760-780. <https://doi.org/10.1108/JEAS-09-2020-0157>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial Behavior, Agency Cost and Ownership Structure. *Journal of Financial Economics*, 3(4), 305-360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Kayhan, A., & Titman, S. (2007). Firms' histories and their capital structures. *Journal of Financial Economics*, 83(1), 1-32. <https://doi.org/10.1016/j.jfineco.2005.10.007>
- Klapper, L. F., & Love, I. (2004). Corporate governance, investor protection, and performance in emerging markets. *Journal of Corporate Finance*, 10(5), 703-728. [https://doi.org/10.1016/S0929-1199\(03\)00046-4](https://doi.org/10.1016/S0929-1199(03)00046-4)
- La Porta, R., Lopez-De-Silanes, F., & Shleifer, A. (1999). Corporate ownership around the world. *The Journal of Finance*, 54(2), 471-517. <https://doi.org/10.1111/0022-1082.00115>
- La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. (2000). Investor protection and corporate governance. *Journal of Financial Economics*, 58(1-2), 3-27. [https://doi.org/10.1016/S0304-405X\(00\)00065-9](https://doi.org/10.1016/S0304-405X(00)00065-9)
- Lei, Q., Lin, B., & Wei, M. (2013). Types of agency cost, corporate governance and liquidity. *Journal of Accounting and Public Policy*, 32(3), 147-172. <https://doi.org/10.1016/j.jaccpubpol.2013.02.008>

- Love, I. (2011). Corporate governance and performance around the world: What we know and what we don't. *The World Bank Research Observer*, 26(1), 42-70. <https://doi.org/10.1093/wbro/lkp030>
- Mande, V., Park, Y. K., & Son, M. (2012). Equity or debt financing: Does good corporate governance matter? *Corporate Governance: An International Review*, 20(2), 195-211. <https://doi.org/10.1111/j.1467-8683.2011.00897.x>
- Martins, H. C., Schiehl, E., & Terra, P. R. S. (2017). Country-level governance quality, ownership concentration, and debt maturity: A comparative study of Brazil and Chile. *Corporate Governance: An International Review*, 25(4), 236-254. <https://doi.org/10.1111/corg.12192>
- Mikkelsen, W. H., & Partch, M. M. (1986). Valuation effects of security offerings and the issuance process. *Journal of Financial Economics*, 15(1-2), 31-60. [https://doi.org/10.1016/0304-405X\(86\)90049-8](https://doi.org/10.1016/0304-405X(86)90049-8)
- Muslim, A. I., & Setiawan, D. (2021). Information asymmetry, ownership structure and cost of equity capital: The formation for open innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(1), 48. <https://doi.org/10.3390/joitmc7010048>
- Myers, S. C. (1984). The capital structure puzzle. *The Journal of Finance*, 39(3), 575-592. <https://doi.org/10.1111/j.1540-6261.1984.tb03646.x>
- Myers, S. C., & Majluf, N. S. (1984). Corporate financing and investment decisions when firms have information that investors do not have. *Journal of Financial Economics*, 13(2), 187-221. [https://doi.org/10.1016/0304-405X\(84\)90023-0](https://doi.org/10.1016/0304-405X(84)90023-0)
- Nogueira, B. T. B., Avelino, B. C., Colares, A. C. V., & Reis, D. E. A. (2021). Índice de sentimento do investidor no mercado de ações brasileiro. *RC&C. Revista de Contabilidade e Controladoria*, 12(3). <https://doi.org/10.5380/rcc.v12i3.71338>
- Pagano, M., & Roell, A. (1998). The choice of stock ownership structure: Agency costs, monitoring, and the decision to go public. *The Quarterly Journal of Economics*, 113(1), 187-225. <https://doi.org/10.1162/003355398555568>
- Peixoto, F. M., & Buccini, A. R. A. (2013). Separação entre propriedade e controle e sua relação com desempenho e valor de empresas brasileiras: onde estamos? *Revista de Contabilidade e Organizações*, 7(18), 48-59. <https://doi.org/10.11606/rco.v7i18.55613>
- Reinaldi, M. A. A., Angelo, G., Freitas, C. C. G., & Bressan, I. C. (2022). Análise da relação entre governança corporativa, estrutura de capital e desempenho de empresas de capital aberto: Uma revisão da literatura. *Revista Científica Acertte*, 2(11), e211107. <https://doi.org/10.47820/acertte.v2i11.107>
- Renders, A., & Gaeremynck, A. (2012). Corporate governance, principal-principal agency conflicts, and firm value in European listed companies. *Corporate Governance: An International Review*, 20(2), 125-143. <https://doi.org/10.1111/j.1467-8683.2011.00900.x>
- Rogers, P., Ribeiro, K. C. S., & Sousa, A. F. (2005). Multiple comparisons of Brazilian stock market portfolios: A performance evaluation of the Corporate Governance Index. *Revista de Gestão*, 12(4), 55-72. <https://doi.org/10.5700/issn.2177-8736.rege.2005.36533>
- Saito, R., & Silveira, A. D. M. (2010). The relevance of tag along rights and identity of controlling shareholders for the price spreads between dual-class shares: the Brazilian case. *Brazilian Administration Review*, 7. <https://doi.org/10.1590/S1807-76922010000100002>
- Salehi, M., Moradi, M., & Faysal, S. (2024). The relationship between corporate governance and cost of equity: Evidence from the ISIS era in Iraq. *International Journal of Emerging Markets*, 19(10), 3374-3392. <https://doi.org/10.1108/IJOEM-07-2020-0739>
- Santiago-Castro, M., & Brown, C. J. (2007). Ownership structure and minority rights: A Latin American view. *Journal of Economics and Business*, 59(5), 430-442. <https://doi.org/10.1016/j.jeconbus.2007.04.005>
- Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *Journal of Finance*, 52(2), 737-783. <https://doi.org/10.1111/j.1540-6261.1997.tb04820.x>
- Sony, B., & Bhaduri, S. (2021). Information asymmetry and financing choice between debt, equity and dual issues by Indian firms. *International Review of Economics & Finance*, 72, 90-101. <https://doi.org/10.1016/j.iref.2020.11.001>
- Tayachi, T., Hunjra, A. I., Jones, K., Mehmood, R., & Al-Faryan, M. A. S. (2023). How does ownership structure affect the financing and dividend decisions of firm?. *Journal of Financial Reporting and Accounting*, 21(3), 729-746. <https://doi.org/10.1108/JFRA-09-2021-0291>
- Wooldridge, J. M. (2002). *Econometric analysis of cross section and panel data*. MIT Press.
- Ying, Q., & Wang, L. (2013). Propping by controlling shareholders, wealth transfer and firm performance: Evidence from Chinese listed companies. *China Journal of Accounting Research*, 6(2), 133-147. <https://doi.org/10.1016/j.cjar.2013.02.001>
- Young, M. N., Peng, M. W., Ahlstrom, D., Bruton, G. D., & Jiang, Y. (2008). Corporate Governance in Emerging Economies: A Review of the Principal-Principal Perspective. *Journal of Management Studies*, 45(1), 196-220. <https://doi.org/10.1111/j.1467-6486.2007.00752.x>

Authors

Isac Freitas Brandão 

Universidade Federal do Ceará, Faculdade de Economia, Administração, Atuária, Contabilidade

Av. da Universidade, n. 2431, Benfica, CEP 60020-180, Fortaleza, CE, Brazil
isac.f.brandao@gmail.com

Vicente Lima Crisóstomo 

Universidade Federal do Ceará, Faculdade de Economia, Administração, Atuária, Contabilidade

Av. da Universidade, n. 2431, Benfica, CEP 60020-180, Fortaleza, CE, Brazil
vlc@ufc.br

Authors' contributions

1st author: conceptualization (lead), data curation (lead), formal analysis (equal), funding acquisition (supporting), investigation (lead), methodology (equal), project administration (supporting), resources (equal), software (equal), supervision (equal), validation (equal), visualization (equal), writing - original draft (equal), writing - review & editing (equal).

2nd author: conceptualization (supporting), data curation (equal), formal analysis (supporting), funding acquisition (equal), investigation (supporting), methodology (equal), project administration (equal), resources (equal), software (equal), supervision (supporting), validation (equal), visualization (equal), writing - original draft (equal), writing - review & editing (equal).